

Comptroller's Directive No. 3-08
Attachment 14
Capital Asset Accounting and Control System (FAACS) Analysis

Purpose

To obtain information on capital assets recorded in fund **1500** on FAACS and CARS as follows:

- Provide a fluctuation analysis for each general ledger account recorded in Fund 1500. This analysis includes acquisition and disposal amounts and CIP reclassifications. (Part 1)
- Information regarding disposal of capital assets including whether any capital assets were traded in on new capital assets and revenue source codes used in CARS to record the proceeds from the sale / disposal of capital assets. (Part 2)
- Comparison between expenditure amounts recorded in CARS for program 998, Capital Outlay Projects, and the current year acquisitions recorded in FAACS for Construction in Progress (CIP). The comparison includes CIP of other program codes along with program 998. Users may need to use another means (separate spreadsheet) for tracking these expenditures since program codes **other than 998** are captured in the ACTR 1408A1 Operating Appropriations, Allotments and Expenditures.(Part 3)
- Detail of CIP additions. (Part 4)
- Detail of CIP deductions and the corresponding increases to other asset categories that resulted from CIP deductions. (Part 5)
- Certification regarding inventory of capital assets. (Part 6)

This attachment is similar to the prior year's Attachment 13.

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**Applicable
agencies**

Agencies that account for capital assets in **Fund 1500** on FAACS and CARS.

Exemptions: The following agencies provide a financial statement template or supplemental information and do not need to submit this attachment:

- Department of Environmental Quality
 - Department of Game and Inland Fisheries
 - Department of Medical Assistance Services
 - Department of Mines, Minerals and Energy
 - Department of Transportation
 - Virginia Correctional Enterprises
 - Virginia Employment Commission
 - Virginia Information Technologies Agency
 - Woodrow Wilson Rehabilitation Center
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Due date

August 14, 2008

Certification

The **Certification** tab requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. By typing a name, the individual is certifying that all tabs of this attachment have been reviewed, the information is both complete and accurate, and the preparer and reviewer were not the same individual for any tab.

Questions?

Please direct all questions regarding this attachment to:

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**Submission
requirements**

Contact DOA if the agency has any problems with the files.

After downloading the files, rename the spreadsheet file using the agency number followed by Att14. For example, agency 151 should rename its Attachment 14.xls file as 151Att14.xls.

Submit the Excel spreadsheet electronically to
finrept-agvatt@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of the Excel attachment.

For your convenience, the contact information in all but the first tab in each attachment / template has been unlocked and shaded yellow. The contact information continues to be auto filled with the information from the first tab but the cells remain unlocked to allow for more than one preparer to complete the attachment.

**Attachment
revisions**

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the [Revision Control Log](#) tab in the attachment excel file.**

Enter the revision date, applicable excel file tab name, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

Include “**REVISED – date**” in the **subject line** of the submission e-mail as well as in the **file name**. Resubmit the revised attachment; and ensure that the **[Revision Control Log](#)** tab has been completed.

Each time a revision is submitted the [Certification](#) tab should be updated with new signatures and dates.

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Materiality

Explain variances that are greater than or equal to 10% of the difference between the fiscal year 2007 and fiscal year 2008 GLA amounts **AND** \$1,000,000.

Only include CIP with a materiality threshold > \$100,000. For CIP use the projected costs for the project, not expenditures to date.

**Completing
Part 1**

Part 1 contains the format for the fluctuation analysis. Information populated by agency and control agency should agree with the FAC 736 / 767 reports.

Note: All amounts are rounded to the nearest dollar.

Step	Action
1	<p>Each agency should click on the down arrow in the “Control Agency” column. Scroll to the appropriate agency and click on it. Most agencies and control agencies are the same; however, there are some agencies (e.g. Mental Health, Corrections) that control numerous agencies.</p> <p>Performing this step will allow only the applicable agency or agencies to display. All other agencies will be hidden by Excel.</p>
2	<p>In the “Beginning Balance” column, verify the amount agrees the FAC 736 / 767 reports as of July 1, 2007 for each category (i.e., Land, Buildings, Infrastructure, Equipment, Construction in Progress, and Accumulated Depreciation for Buildings, Infrastructure and Equipment). If more detail information is needed for Construction in Progress, the agency can use the FAC 751 report.</p>
3	<p>Verify the acquisitions of capital assets. Included in the amount is Construction in Progress (CIP) completed during the fiscal year and capitalized as a depreciable asset. This was excluded in years past; however, the attachment is now populated with amounts downloaded from FAACS. Agencies will need to review additions to other asset categories and deductions from CIP for reasonableness. Agencies will still inform DOA of the reclassification activity in Step 5.</p> <p><u>Note:</u> The project number, description and amount of additions to CIP should be documented on the CIP Analysis tab – Part 4.</p>

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Completing Part 1, continued

Step	Action
4	Verify the deductions of capital assets. These amounts should agree to the decreases (credits) for the current fiscal year on the FAC 736 report and the decreases (debits) for the current fiscal year on the FAC 767 report. Included in the amount is Construction in Progress (CIP) completed during the fiscal year and capitalized as a depreciable asset. This was excluded in years past; however, the attachment is now populated with amounts downloaded from FAACS. Agencies will need to review additions to other asset categories and deductions from CIP for reasonableness. Agencies will still inform DOA of the reclassification activity in Step 5.
6	This column has formulas. Agree amounts to the FAC 736 / 767 reports as of June 30, 2008, for fund 1500 by GLA. For amounts that do not agree, recheck amounts and formulas.
5	Record the amount that represents CIP completed and added to another category. Verify the amount agrees with the increase in other asset categories (1-4) and the decrease shown in CIP (category 5). The GLA's showing increases are 365, 366, 368 and 370. The GLA showing the decrease is 372. Note: Provide the FAACS ID number, tag numbers and descriptions of additions to capital assets (buildings / infrastructure) that are a result of decreases to CIP in the CIP Analysis tab – Part 5 . If more detail information is needed for Construction in Progress, the agency can use the FAC 751 report.

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Completing Part 1 (continued)

7 – 9	<p>Identify GLAs with material variances. Use the materiality level set in the materiality section on page 4 of these Instructions. Review changes for each asset category separately. Consider increases and decreases separately when analyzing the changes.</p> <p>To help, use the following guidelines:</p> <ul style="list-style-type: none"> • <u>Land, Buildings, or Infrastructure (formerly Improvements)</u>: Identify the tract of land, building, or infrastructure for material changes. • <u>Construction in Progress (CIP)</u>: Identify the project code for material changes. • <u>Equipment</u>: Provide a general description of changes. <p>Record “No” for immaterial variances.</p>
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Completing Part 2

This questionnaire assists in analyzing information regarding **GASBS No. 34** and documenting that ending balances on the fluctuation analysis (part 1) agree to FAACS.

Step	Action
1	If ending balances on the fluctuation analysis (part 1, step 6) do not agree to the FAC 736 / 767 reports as of June 30, 2008, or the amounts are not correct, explain the differences.
2	<p>Sale / Disposal of Capital Assets</p> <p>For the sale / disposal of capital assets, were there any sales / disposals of land and buildings with a historical cost > \$100,000 or equipment with a historical cost > \$50,000 for fiscal year 2008? If yes, provide asset and coding information required in the table provided.</p>
3	<p>Trade-ins</p> <p>State whether there were any disposals of capital assets during fiscal year ended June 30, 2008, that were for trade-ins on new capital assets. If there were, complete the table. On the left side state the asset that was traded-in (noting the proceeds received), and on the right state the corresponding asset that was purchased.</p>

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**Completing
Part 3**

This questionnaire assists in the analysis of the amounts reported for Construction in Progress (CIP) on a cash and full accrual basis. Steps 1 and 2 request CIP information on a cash basis and Step 3 requests CIP information on a full accrual basis.

Step	Action
1a	Cash Basis Additions – CIP <ul style="list-style-type: none"> Enter the amount recorded on CARS as expenditures for program code 998, Capital projects, for fiscal year ended June 30, 2008. This amount can be obtained from the CARS 1408A2 Report (Statement of Appropriations, Allotments, and Expenditures – Non Operating). Enter the amount included in the expenditure total that represents maintenance reserve expenditures, if any, that will not be capitalized as CIP. Enter the amount of expenditures, if any, recorded in a program other than 998 that should be recorded as CIP. Enter the amount of current year additions (included in part 1, step 3) recorded in FAACS for CIP.
1b	<ul style="list-style-type: none"> Explain differences in these amounts.
2	Cash Basis CIP Beginning Balance, Additions, Deductions, and Ending Balances <p>Record the proper, accurate and correct beginning balance of CIP per internal records. If a difference was noted in Step 1 or the amounts recorded in FAACS for CIP are not correct enter the correct balances. Make sure the differences are explained in the dialogue box noted in step 1b.</p> <ul style="list-style-type: none"> CIP Beginning Balance – this amount should include prior year expenditures that are recorded in FAACS in the current year. CIP Additions – this amount should be based on current year expenditures that will eventually be reported as a capital asset. CIP Deductions – this amount should relate to corresponding increases in another asset category. CIP Ending Balance – this amount is calculated on the sheet and should agree to internal records.

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Completing Part 3 (continued)

	Accrual Basis Additions – CIP Expenditures that are recorded as P vouchers for CIP must be recorded as an asset (CIP) on the Government-wide financial statements. Therefore, please provide the following information:
3a	<ul style="list-style-type: none">• List any P vouchers for July and August for program 998 that will result in CIP. Provide the month, P voucher #, P Voucher total, and the amount that will be recorded as additions to CIP.
3b	<ul style="list-style-type: none">• List any P vouchers for July and August for other programs that will result in CIP. Provide the month, Program #, P voucher #, P Voucher total, and the amount that will be recorded as additions to CIP.
	Note: Neither of the amounts in 3a and / or 3b should be included in other amounts on this template or in FAAC's. If they are, contact DOA immediately.

**Completing
Part 4**

This questionnaire assists agencies reporting the details related to increases for Construction in Progress on a **cash basis**.

- The total increases reported in Part 4 should agree to the amount reported for CIP Additions in Part 3, Question 2.

Note: Provide the project number, FAACS ID number, description, and the amount of the increase for each item.

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**Completing
Part 5**

This questionnaire assists agencies reporting the details related to decreases for Construction in Progress on a **cash basis**.

- The total decreases reported in Part 5 should agree to the amount reported for CIP Deductions in Part 3, Question 2.
- **New for FY2008**, the asset categories of Land and Equipment are available for Part 5. These categories were added so agencies could account for those reclassifications along with building and infrastructure. The decrease in CIP and total offsetting increase should equal. If not, provide an explanation for the difference in the first textbox shown on Part 5.
- The total increases for Land, Building, Infrastructure, and Equipment in Part 5 should agree to the amount reported in Part 1, Step 6. If not, provide an explanation for the difference in the second textbox shown on Part 5.

Note: Provide the project number, FAACS ID number, description, and the amount of the decrease for each item.

**Completing
Part 6**

This questionnaire assists in the analysis of inventory and fully depreciated assets.

Action
<p>Answer the following questions.</p> <p>a) Has the agency completed an inventory of capital assets in fiscal 2008? If no, then state the year the last inventory was completed.</p> <p>b) When will the next inventory of capital assets be completed?</p> <p>For certification purposes, type the name, title, phone number, and e-mail address of the agency representative who ensures such an inventory has been conducted.</p> <p>Note: Agencies should review all assets in use to ensure that the current useful life is appropriate. Useful life adjustments should be made to reflect the actual agency usage of an asset. See CAPP Manual Section 30605 for guidance.</p> <p>c) Provide a description of the useful life methodology that has been developed.</p>

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